

DEPARTMENT OF STATE REVENUE

Information Bulletin #65
Sales Tax
January 2023
(Replaces Bulletin #65, dated September 2014)
Effective Date: Upon Publication

SUBJECT: Manufactured Homes (Mobile Homes) and Modular Homes

REFERENCES: [IC 6-2.5-5-29](#); [45 IAC 2.2-5-66](#) through [45 IAC 2.2-5-69](#)

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SUMMARY OF CHANGES

Apart from technical, nonsubstantive changes, this bulletin has been revised to include a new introduction and a new definition section, and to provide more guidance concerning construction contracts, as described in Sales Tax Information Bulletin #60.

I. INTRODUCTION

The purpose of this bulletin is to provide guidance on the exemptions pertaining to manufactured homes and modular homes. While similar, modular homes are not manufactured homes for purposes of this information bulletin. The purchases of manufactured homes or modular homes by authorized dealers are exempt from Indiana sales tax as discussed below, but if there is a contract to install the home, the tax treatment is different depending on whether the dealer is operating under a time and material contract or not, and whether the home is a manufactured home or a modular home.

II. DEFINITIONS

A "manufactured home" is any home factory built in the United States to the Housing and Urban Development Title 6 construction standards. A "manufactured home" means a structure which is:

- (1) transportable in one or more sections;
- (2) eight body feet or more in width and 40 body feet or more in length, or, when erected on site, is 320 or more square feet;
- (3) which is built on a permanent chassis;
- (4) designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities; and
- (5) includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

However, the term does not include any self-propelled recreational vehicle.

For purposes of this bulletin, a "modular home" is an "industrialized residential structure," which means a structure that is both:

- (1) any part of a building or other structure that is in whole or in substantial part fabricated in an off-site manufacturing facility for installation or assembly at the building site as part of a Class 1 structure, a Class 2 structure, or another building or structure; and
- (2) a one or two family private residence.

However, the term does not include a mobile structure or a system that is capable of inspection at the building site.

III. RETAIL SALES OF MANUFACTURED OR MODULAR HOMES

The purchases of manufactured homes or modular homes by authorized dealers are exempt from Indiana sales tax. The dealer must issue a general exemption certificate (Form ST-105) to the manufacturer as a purchase for resale. When the dealer sells the manufactured home or modular home to the final consumer, they are a retail

merchant making a retail transaction. Accordingly, sales tax must be collected on the selling price of the manufactured home or modular home. Sales tax should be collected on 65% of the selling price because 35% of the selling price is attributed to costs other than the cost of materials used in manufacturing such structures. The selling price includes delivery, set-up, and utility connections as the manufactured home or modular home is not deemed delivered until it is set up.

When the dealer sells a manufactured home or modular home to a consumer, the dealer is required to complete Form ST-108MH and attach the original to the certificate of title or the certificate of origin. One copy shall be retained by the seller, and one copy shall be mailed to the department within 30 days of the sale. The form is to be mailed to:

Indiana Department of Revenue
Desk Audit, Mail Stop #104
100 N. Senate Ave. IGCN 241
Indianapolis, IN 46204

IV. DEALERS OF MANUFACTURED HOMES AS CONTRACTORS

A dealer of manufactured homes is acting as a contractor when the dealer contracts to make an improvement to real estate by permanently affixing a manufactured home to real estate. A manufactured home is considered affixed to a permanent foundation to the extent that it cannot be moved without material and substantial change to the manufactured home and/or the land. The contract is for an improvement to real property even if the manufactured home is being permanently attached to land not owned by the purchaser of the manufactured home.

A permanent foundation would be evidenced by mortared walls of concrete block, brick, stone, tile, poured concrete or other similar product. In these cases, the foundation will be partially or totally load bearing. Additional elements that indicate permanence include permanent utility connections, room additions, patios, and porches.

A dealer who permanently affixes a manufactured home to real property pursuant to a contract that does not meet the definition of a "time and material contract" (as defined in Sales Tax Information Bulletin #60, available online at in.gov/dor/legal-resources/tax-library/information-bulletins/sales-tax-information-bulletins/) without clearly separating the selling price from permanent installation costs is not acting as a retail merchant. When a dealer acts as a non-time and material contractor, the dealer must remit use tax on 65% of the wholesale invoice price of the manufactured home. Indiana sales tax must either be paid by the dealer to their vendor on all materials and supplies used in the performance of the contract, or use tax must be remitted at the time the manufactured home is installed if sales tax was not paid at the time of purchase. Sales tax would then not be collected on any part of the contract from the purchaser.

If the dealer operates under a time and material contract, they are acting as a retail merchant, so sales tax must be collected on 65% of the unit's selling price and on the full sales price of other tangible personal property transferred as part of the time and material contract. Please refer to Sales Tax Information Bulletin #60 for more information on the rules pertaining to time and material contracts.

V. PRE-OWNED MANUFACTURED HOMES

The gross retail income derived from the sale of a pre-owned manufactured home is exempt from the Indiana sales tax.

VI. CONSTRUCTION CONTRACTS INVOLVING MODULAR HOMES

Any contract to install a modular home is a contract for an improvement to real property. When a contract that does not meet the definition of a "time and material contract" is used for the sale and installation of a modular home, the contractor must pay Indiana sales or use tax on 65% of the wholesale invoice price (the purchase price of the modular home). Further, the contractor shall pay use tax on all materials used in installation. Sales tax would then not be collected on any part of the contract from the purchaser.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.

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Commissioner

Posted: 01/25/2023 by Legislative Services Agency
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